



Tip: To find specific information for a product, Press Ctrl+F (or use “Find” from the Edit Menu) and then search for the information or topic you are looking for. If you don’t find the topic the first time, try variations, different terms or less words.

**Illinois Housing Development Agency
FHA Program
Must be referred to AFS for Origination
(loan cannot be originated by branch)**

**DPA options subject to change based on market conditions.
Must confirm availability with Housing Authority.**

30 Year Fixed

LTV	CLTV	Purpose	Unit	Occupancy	Credit Score	DTI Ratio
96.5	105 ¹	Purchase	1-2	O/O	640	45
1. On purchases, the CLTV is further limited to 100% (of the adjusted value) or the standard FHA LTV limit (96.50%) (depending on the type of financing) if the subordinate lien is NOT from an instrumentality of government or government agency that is providing down payment and/or closing cost assistance in the form of secondary financing. 2. Max LTV/CLTV may be exceeded when financing the Funding Fee, however max loan amount may NOT be exceeded						

PRODUCT NAMES	<ul style="list-style-type: none"> • Illinois HDA FHA 30 Year Fixed • Illinois HDA 1stHome Forgivable 2nd DPA • Illinois HDA Access 4% Forgivable 2nd DPA • Illinois HDA Access 5% Deferred 2nd DPA • Illinois HDA Access 10% Repayable 2nd DPA
ALLOWABLE ORIGINATION CHANNELS	<ul style="list-style-type: none"> • Retail <ul style="list-style-type: none"> • Loans must be referred to the AFS department for origination
SERVICER	<ul style="list-style-type: none"> • U.S. Bank = Master Servicer • Illinois Housing Development Authority = Program Administrator/Compliance https://www.ihda.org/lenders-realtors/common-forms/
IHDA PROGRAM OVERVIEW	<ul style="list-style-type: none"> • IHDA mortgage loan programs offer safe and reliable mortgage products with affordable interest rates and can include down payment assistance to first time homebuyers, qualified veterans, and non-first-time homebuyers. • Borrowers qualifying under this program must utilize one of the down payment assistance options from IHDA. The first trust deed is not allowed to be used without using one of their DPAs.

	<ul style="list-style-type: none"> • All mortgage products are subject to income and purchase price limits. Eligibility for each product is based on the borrower’s credit profile, household income, and the purchase price of the home. • Four program options are available: <ul style="list-style-type: none"> • Access 4% Forgivable - consists of a 0.00%, 10-year second mortgage that is 4% of the purchase price (up to \$6,000). No monthly repayment. Assistance is forgiven pro-rata on a monthly basis over 10 years. • Access 5% Deferred - consists of a 0.00%, 30-year second mortgage that is 5% of the purchase price (up to \$7,500). Full amount is due at maturity date or upon “repayment event”. Can be pre-paid at any time. • Access 10% Repayable - consists of a 10-year second mortgage that is 10% of the purchase price (up to \$10,000). Monthly payment = DPA Amount / 120 months (for example, \$10,000 would be payable at \$83.33/month) • 1stHomellinois – consists of a 5-year forgivable second mortgage of \$7,500. Loan is forgiven monthly over 5 years. Borrowers must be first-time homebuyers or exempt from the first-time homebuyer requirement. Program is county-specific. Refer to “Geographic Restrictions” for eligible counties
<p>ACCESS 4% FORGIVABLE DOWN PAYMENT/CLOSING COST ASSISTANCE</p>	<ul style="list-style-type: none"> • Note: In order to obtain the down payment assistance, you MUST obtain the first mortgage through Illinois HDA DPA Program. • Additional loan must be created in FT360 to accommodate 2nd lien and should be created at the same time the 1st lien is created for disclosure, document and funding purposes. • Access 4% Forgivable - consists of a 0.00%, 10-year second mortgage that is 4% of the purchase price (up to \$6,000). No monthly repayment. Assistance is forgiven pro-rata on a monthly basis over 10 years. • DPA Assistance is only available in conjunction with a IHDA first mortgage. It is not a stand-alone DPA. • First-time homebuyers and non-first-time homebuyers are allowed • The first mortgage loan closes in the lender’s name, and the IHDA rider is attached to, and recorded with, the first mortgage. the DPA 2nd loan will close in IHDA’s name; no IHDA rider is to be attached to the second (2nd) mortgage.
<p>ACCESS 5% DEFERRED DOWN PAYMENT/CLOSING COST ASSISTANCE</p>	<ul style="list-style-type: none"> • Note: In order to obtain the down payment assistance, you MUST obtain the first mortgage through Illinois HDA DPA Program. • Additional loan must be created in FT360 to accommodate 2nd lien and should be created at the same time the 1st lien is created for disclosure, document and funding purposes. • Access 5% Deferred - consists of a 0.00%, 30-year second mortgage that is 5% of the purchase price (up to \$7,500). Full amount is due at maturity date or upon “repayment event”. Can be pre-paid at any time. • DPA Assistance is only available in conjunction with a IHDA first mortgage. It is not a stand-alone DPA. • First-time homebuyers and non-first-time homebuyers are allowed • The first mortgage loan closes in the lender’s name, and the IHDA rider is attached to, and recorded with, the first mortgage. the DPA 2nd loan will close in IHDA’s name; no IHDA rider is to be attached to the second (2nd) mortgage.
<p>ACCESS 10% REPAYABLE DOWN PAYMENT/CLOSING COST ASSISTANCE</p>	<ul style="list-style-type: none"> • Note: In order to obtain the down payment assistance, you MUST obtain the first mortgage through Illinois HDA DPA Program. • Additional loan must be created in FT360 to accommodate 2nd lien and should be created at the same time the 1st lien is created for disclosure, document and funding purposes. • Access 10% Repayable - consists of a 10-year second mortgage that is 10% of the

	<p>purchase price (up to \$10,000). Monthly payment = DPA Amount / 120 months (for example, \$10,000 would be payable at \$83.33/month)</p> <ul style="list-style-type: none"> • DPA Assistance is only available in conjunction with a IHDA first mortgage. It is not a stand-alone DPA. • First-time homebuyers and non-first-time homebuyers are allowed • The first mortgage loan closes in the lender’s name, and the IHDA rider is attached to, and recorded with, the first mortgage. the DPA 2nd loan will close in IHDA’s name; no IHDA rider is to be attached to the second (2nd) mortgage.
<p>1ST HOME ILLINOIS DOWN PAYMENT/CLOSING COST ASSISTANCE</p>	<ul style="list-style-type: none"> • Note: In order to obtain the down payment assistance, you MUST obtain the first mortgage through Illinois HDA DPA Program. • Additional loan must be created in FT360 to accommodate 2nd lien and should be created at the same time the 1st lien is created for disclosure, document and funding purposes. • 1stHomellinois – consists of a 5-year forgivable second mortgage of \$7,500. Loan is forgiven monthly over 5 years. • Borrowers must be first-time homebuyers or exempt from the first-time homebuyer requirement. • Effective for loans prior to 1/1/2019: Program is county-specific and only available in the following counties: Boone, Cook, DeKalb, Fulton, Kane, Marion, McHenry, St. Clair, Will, Winnebago. • For loans on or after 1/1/2019: 1stHomellinois new reservations will be limited to borrowers buying in the following counties: Cook, Marion, St. Clair, and Winnebago • DPA Assistance is only available in conjunction with a IHDA first mortgage. It is not a stand-alone DPA. • First-time homebuyers only unless purchasing in a targeted area or are qualifying under the Veterans Exception • New construction not allowed • The first mortgage loan closes in the lender’s name, and the IHDA rider is attached to, and recorded with, the first mortgage. the DPA 2nd loan will close in IHDA’s name; no IHDA rider is to be attached to the second (2nd) mortgage.
<p>IHDA SECOND MORTGAGES DISCLOSURES AND DOCUMENTS</p>	<ul style="list-style-type: none"> • Follow TRID Guidelines • Must disclose the 2nd mortgage separately using a CD and LE <p>All products <u>except</u> Illinois HDA Access 10% Repayable 2nd DPA:</p> <ul style="list-style-type: none"> • Disclosure should be generated from FT360 (must be TRID compliant) • LE/CD must be issued through FT360 • Once LE is issued IHDA specific disclosures and documents to be pulled from IHDA’s website. • Final Loan docs not to be signed until initial and final CD has been issued to borrower and waiting period is up. <p>Illinois HDA Access 10% Repayable 2nd DPA Product Only:</p> <ul style="list-style-type: none"> • Disclosure, LE and CD request must be sent to compliance@prmg.net for review/approval, but will be generated from FT360 (must be TRID compliant) - once review is complete Compliance will generate and send the Disclosures, LE and CD (as applicable) to the borrower due to specific program requirements • Once LE is issued IHDA specific disclosures and documents to be pulled from IHDA’s website. • Final Loan docs not to be signed until initial and final CD has been issued to borrower and waiting period is up. <ul style="list-style-type: none"> • Loan Officer (or whoever registered the loan) can pull the docs for the 2nd from the IL website. Closer to verify all information is complete and correct (some items are missing such as dates and legals, loan numbers, etc)

TRAINING	<ul style="list-style-type: none"> • Training resources can be found on the IHDA website here: https://www.ihda.org/lenders-realtors/training/ • Personalized training can be set up with Rebecca Ortiz at IHDA. She can be reached at Rortiz@ihda.org or by phone at 312-848-2001
LOAN OFFICER CERTIFICATION	<ul style="list-style-type: none"> • In order to originate the product, Loan Officer must view training provided by IHDA and pass a quiz about the program. Once the Loan officer has listened to the training and is ready to take the certification test, follow the steps below: • IDHA Loan Officer Certification: <ul style="list-style-type: none"> • Link to Certification: <ul style="list-style-type: none"> • https://www.classmarker.com/online-test/start/?quiz=aqg5bdcf991208ef • Certification Password: PRMG • The testing system allow the loan officer to take the test up to two (2) times. If the loan officer is unable to pass in two (2) tries, reach out to John Maksim JMaksim@ihda.org who will address the issue at that time. • The program certification program provides a copy of the results to John and the test taker, along with a certificate if they passed with 80% or better. Once you have passed the test, the Loan Officer should forward a copy of the certificate to PRMGUniversity@prmg.net.
OBTAINING CREDENTIALS	<ul style="list-style-type: none"> • Note: Only AFS or fulfillment center staff should obtain credentials (as needed). Email support@prmg.net. • Referring loan officer will not be able to have credentials to the housing authority site. • To obtain credentials for Lender Online, email support@prmg.net
AGENCY LINKS	<ul style="list-style-type: none"> • For additional reference, refer to the Illinois HDA Program guidelines posted the IHDA website: https://www.ihda.org/lenders-realtors/common-forms/#collapseOne • To access the IHDA Lender Portal (MITAS): https://ilrss.ihda.org/ilrss/ • A Reservation Manual can be found on the IHDA website here: https://www.ihda.org/lenders-realtors/common-forms/#collapseOne • The IHDA Homeownership Help Line can be reached at 877-456-2656 or by email at AtHomellinois@IHDA.org • In addition to any Product Profile requirements, you must always meet the published HUD guidelines and master servicer, U.S. Bank, lending criteria. If published HUD guidelines or U.S. Bank are more restrictive then what is allowed in the Product Profile, you must always defer to HUD Guidelines. • For underwriting, delivery and funding information – see U.S. Bank website https://hfa.usbank.com/HFA_Division.html then click on U.S. Bank Lending Manuals • All PRMG staff can access all end Agency guidelines though AllRegs Online at http://allregs.elliemae.com. Instructions on how PRMG staff can access the AllRegs service is available in the Resource Center. • Use the following link to access the HUD Housing Handbooks site, and from there, obtain access to the 4000.1 Handbook: <ul style="list-style-type: none"> • http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg • Access the All Regs version of the Handbook at: <ul style="list-style-type: none"> • http://www.allregs.com/tpl/public/fha_freesite.aspx
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • No Minimum Loan Amount
MAX. LOAN AMOUNT	<ul style="list-style-type: none"> • Limits for max loan amounts are county specific can be found on the IHDA website here: https://www.ihda.org/lenders-realtors/common-forms/
GEOGRAPHIC	<ul style="list-style-type: none"> • All Illinois Counties are eligible across the three Access DPA options

RESTRICTIONS	<ul style="list-style-type: none"> • For loans prior to 1/1/2019: 1stHome Illinois is available in the following counties: Boone, Cook, DeKalb, Fulton, Kane, Marion, McHenry, St. Clair, Will, Winnebago. • For loans on or after 1/1/2019: 1stHome Illinois new reservations will be limited to borrowers buying in the following counties: Cook, Marion, St. Clair, and Winnebago • Please refer to PRMG’s “Eligible States” list, which can be found at this link: http://www.eprmg.net/guidelines/Eligible%20States.pdf
PURCHASE PRICE LIMITS	<ul style="list-style-type: none"> • The residence being financed must be a qualified dwelling and the total purchase price must be within the applicable limit for the area (county) in which the property is located. • The total purchase price must be within the applicable purchase price limit contained in the chart found here: https://www.ihda.org/lenders-realtors/common-forms/#collapseOne. (Both Targeted and Non-Targeted limits are listed.) • If the purchase price limits change prior to IHDA’s prior approval to close of the loan, then the new purchase price limits apply. • In order to qualify, the residence must have a total purchase price no greater than the allowable limit at the time of application. The price includes ALL amounts paid, either in cash or in kind, to the seller as consideration for the residence. • Purchase price can include the following: <ul style="list-style-type: none"> • The cost of completing an incomplete or unfinished residence. Incomplete or unfinished means that occupancy is not permitted under the law, or that the residence lacks certain elements needed to provide adequate living space for the intended occupants. • If the borrower intends to have a home built on land already owned, the cost of the land must be included in the total purchase price if the land was acquired within two (2) years prior to the commencement of construction. The cost of the land is determined based on the following: <ul style="list-style-type: none"> • The sales contract or the closing statement can substantiate the value of the land. • If the borrower acquired the land through inheritance the value must be established by an appraisal, and the acquisition date is the date of death. • If the borrower acquired the land through some form of seller financing, the acquisition date is the date of the seller finance agreement. • DOCUMENTATION: If the land was purchased within the two-year window, include a certified copy of the deed from the Recorder’s Office and submit it to IHDA with the file. • If the land was purchased more than two years ago, the cost of the land cannot be included in the total purchase price. • Total purchase price does not include: <ul style="list-style-type: none"> • usual and reasonable settlement and financing costs • the unpaid value of services (“sweat equity”) performed by the borrower or members of his or her family in completing the residence • items of personal property which are not fixtures and/or are not permanently affixed to the property • the cost of minor repairs paid for by the borrower but performed after closing • DPA cannot be used to make up the difference between sale price and value. If borrower proceeds with purchase of property valued less than sale price, they need to use their own funds.
MORTGAGE TYPES	<ul style="list-style-type: none"> • 203(b) Home Mortgage Insurance • 234(c) Mortgage Insurance for Condominiums
FEES	<p>1st</p> <ul style="list-style-type: none"> • First Mortgage: 1.00% Origination Fee must be charged

	<ul style="list-style-type: none"> • Standard PRMG Underwriting and Processing Fee to be charged (however, lender fees (excluding Origination fee) cannot exceed \$1,200 - Reg. Z compliance required) • IHDA Fees: \$400 Funding Fee, payable to Master Servicer. Fees paid to third parties such as courier fees and title company fees are allowed and are not included in the \$1,200.00 in allowable lender fees • In addition to the fees above, other customary third-party fees such as credit report fee, appraisal fee, insurance fee, or similar settlement or financing costs may be charged • In all cases the lender must meet federal and Illinois lending laws regarding fees and charges <p>2nd</p> <ul style="list-style-type: none"> • No fees on the second mortgage
FIRST LOAN INTEREST RATES	<ul style="list-style-type: none"> • Current interest rates can be found on the IHDA website here: https://www.ihda.org/lenders-realtors/common-forms/#collapseOne • Click on the links for “IHDA Homeownership Newsletters” to access rates
DOCUMENTATION	<ul style="list-style-type: none"> • Full/Alt Doc • Per Illinois HDA requirements: Each borrower (first-time or subsequent) and spouse (whether borrowing or non-borrowing) must provide copies of his or her signed federal income tax returns (or transcripts directly from IRS) from the most recent three (3) years, including all attached schedules. If 1040s are provided, transcripts must also be provided to support the 1040 returns. For any additional years of income documentation is required, if all income used to qualify a loan for the borrower is made up exclusively of wage earner income reported on a W2 and/or fixed income reported on a 1099 (i.e., social security or VA benefits) transcripts are not required, unless full tax returns are required for the borrower by the AUS (i.e., borrower employed by family members). If multiple borrowers are qualifying on the loan, but the tax returns are not filed jointly, and one borrower requires full returns, but the other borrowers are qualified exclusively on W2 and/or fixed income then no transcripts are required for the W2/fixed income borrower and 1040 transcripts are required for the self-employed borrower/borrower requiring full returns. When using this option, there can also be no tax returns included in the loan file (including if tax returns are required to be reviewed by the PRMG underwriter for MCC Approval or other purpose). If the borrower earns other income that is used to qualify that would be able to be validated with 1040 transcripts (i.e., rental income from tax returns, etc.) then 1040 transcripts are required to validate that income. A completed and executable (signed) 4506T must be submitted with the loan file. For the borrowers where transcripts are not required, be sure to select the W2/1099 option only when completing the 4506-T. Do not mark the 1040 or Record of Account option. • When tax returns are required for a borrower or when borrower’s qualifying income is not made up of W2 or fixed income reported on a 1099, validated 1040 tax transcripts are required if borrower’s income is utilized as a source of repayment. If multiple borrowers are qualifying but the tax returns are not filed jointly (when one borrower requires full returns), then it is acceptable to provide no transcripts for the salaried/fixed income borrower and 1040 transcripts for the self-employed borrower/borrower requiring the tax returns, except for the 3 years that 1040s or transcripts are required by the Illinois HDA. For the years the 1040s are required, transcripts must be used to support the 1040s. • Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender • When business tax returns are required by AUS, business income is used to qualify or business income is used to offset a loss on personal tax returns or is included in the

loan file, a separate IRS Form 4506-T must be executed (but not processed and must allow enough time to be executed post-closing after delivery to investor) for each business for the required number of years of income documented, for each self-employed borrower on the loan transaction. Allowable signatures (per IRS): 1120/1120S: Borrower must sign name with title and only the following titles are acceptable: President, Vice President, CEO, CFO, Owner, 1065: Borrower must sign name with title and only the following titles are acceptable: General Partner, Limited Partner, Partner, Managing Member, Member

- Letter of explanation is required for borrowers who are self-employed or have non-W2 income/loss if there is a variance of 10% or more between the total income on the tax transcripts and the tax returns.
- Two years IRS 1040 Transcripts are required on all loans when the borrower is employed by a relative or closely held family business.
- For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 days prior to the note date for wet funding states and escrow states. If the Verbal VOE is completed more than 10 days prior to the funding date, another Verbal VOE should be completed 10 days prior to funding date for escrow states.
- For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower's business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; OR verify a phone listing and address for the borrower's business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau. Verification may not be made verbally, and a certification by PRMG indicating the information was verified is not allowed. Documentation from the source used to verify the information must be obtained and in the file. Internet sites such as 411.com, Chamber of Commerce sites and Manta.com where they allow the business owner to add their own information are not acceptable. Also single source verifications, such as from superpages.com, yellowpages.com and searchbug.com are not allowed. If all other methods of obtaining third party verification have been exhausted, the borrower can provide letters from three clients indicating the type of service performed, length of time of business relationship, frequency of service, payment arrangements, etc. and support the income with current bank statements, deposits, etc. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate.
- VOR/VOM required as indicated by the AU approval.
- Documentation must comply with AUS and TOTAL Scorecard section of the 4000.1 handbook.
- Amended tax returns cannot be used to qualify if they are amended after the application, initial credit report date or purchase contract date unless the changes made are non-material to the amount of income claimed, and qualification for the mortgage loan. Due diligence must be exercised with close examination of the original, and amended returns, to determine if the use of the amended return is warranted and the following documentation should be reviewed when income from the amended return is required: A letter of explanation regarding the reason for the re-filing; evidence of filing (must be validated with a record of account (4506T results); copy of the original 1040; any extensions filed, and evidence of payment of the taxes due (or evidence borrower is on a payment plan in lieu of full payment as long as the borrower qualifies with the payment in the ratios), and the ability to pay, if the check has not yet cancelled.
- Profit and loss statement and balance sheet required if more than a calendar quarter has elapsed since date of most recent calendar or fiscal-year end tax return was filed

	<p>by the borrower. (A balance sheet is not required for self-employed borrowers filing Schedule C income.) Additionally, if income used to qualify the borrower exceeds the two-year average of tax returns, an audited profit and loss statement or signed quarterly tax returns obtained from IRS are required.</p> <ul style="list-style-type: none"> • Income documentation per AUS findings • Preliminary Title policy must be no more than 90 days when the note is signed • Provide a written analysis of the income used to qualify the borrower on the Transmittal Summary or like document(s) in the file. An Income Analysis must be completed for self-employed borrowers. • When paying off any non-transaction related item (i.e., debts, third party payouts, etc.) that has a balance of \$5,000 or more, paid for by either borrower or seller, to ensure that the total payoffs are accurate, copies of the actual invoices (statements), an updated (current) credit report/refresh or credit supplement reflecting the current balance with a signed amendment (or similar) authorizing disbursement for these account(s) are required. You cannot use the amount listed on the credit report to document the payoff amount. • All documentation used in qualifying the borrower must be legible and if not in English, will require a full written translation of the entire documentation into English. • The Borrower's liabilities must be reflected on the mortgage application and considered when qualifying the loan. The mortgage application, credit report, borrower's paystubs (if provided), and all other file documentation must be reviewed for borrower liabilities. Other file documentation can include, but is not limited to, bank statements, tax returns, divorce decrees etc. When an undisclosed reoccurring debt is identified in the loan file, it must be included in the qualification of the loan. In instances where it negatively affects the loan qualification, a letter of explanation may be required. • Must authenticate documents obtained from an Internet website and examine portions of printouts downloaded from the Internet including the Uniform Resource Locator (URL) address, as well as the date and time the documents were printed. The lender must visit the URL or the main website listed in the URL if the page is password protected to verify the website exists and print out evidence documenting the lender's visit to the URL and website.
<p>TAX CODE COMPLIANCE REVIEW</p>	<ul style="list-style-type: none"> • Tax Code Compliance Underwriting Review is unique to IHDA loan programs and must be performed by the lender for all IHDA programs. • A lender-signed certification attesting to review and tax code compliance is required to be in each file. • Tax Code Compliance Underwriting Review consists of documenting three basic determinations: <ul style="list-style-type: none"> • Is the borrower (and spouse) a first-time homebuyer, or exempt from this requirement? OR, is the borrower a non-first time homebuyer meeting income, purchase price, and all other IHDA program restrictions? • Is the borrower's total household income within the allowable limits for the area in which they intend to reside? Note that IHDA has developed the income calculator to be used in determining whether income is compliant or non-compliant. The income calculator can be found on the IHDA website https://www.ihda.org/lenders-realtors/common-forms/ <ul style="list-style-type: none"> • For additional information on how to use the income calculator, a presentation on how to use the income calculator can be found here: https://www.ihda.org/lenders-realtors/training/ under the Trainings section. • Is the residence a qualified dwelling whose purchase price is within the allowable limits for the area in which it is located?

IHDA INCOME CALCULATOR	<ul style="list-style-type: none"> • IHDA’s income calculator provides the means to determine whether a household income is below or above the county limit (compliant or non-compliant), as the county limits are embedded in the calculator. • All IHDA programs require the income calculator be used. • Lender must fully complete, sign, and date the income calculator; the calculator must be included in each and every file submitted to IHDA. A copy of the signed income calculator can be uploaded to MITAS. Do not download the calculator to your desktop; you must use it from IHDA’s website each time you calculate income. • Documentation that will assist in determining household size would be the loan application, the IHDA income certification, the Federal tax returns, etc. • In the calculator, the following must be completed: <ul style="list-style-type: none"> • income from all sources • county in which the property is located • names, ages, and total number of household members* • select whether income is above or below 80% AMI • select whether the property is located in a targeted area • If the finding shows “non-compliant,” the loan is not eligible for IHDA. Note: It is strongly encouraged that a second review of the documentation is completed if income is within 4% of limit. • Borrowers are required to complete and sign the income certification. The certification must include all household occupants, and the list of occupants must match that shown on the calculator. It is not necessary for the income stated on the income certification to match the income on the calculator, however discrepancies between dependents listed on tax returns, application, income cert, etc. must be addressed, and documentation provided where applicable. • A copy of birth certificate for newly born member of household will be required when applicable.
DOCUMENT EXPIRATIONS	<ul style="list-style-type: none"> • Preliminary Title policy must be no more than 90 days when the note is signed • Credit documentation must not be more than 120 days old from the disbursement date • Appraisals are valid for 120 days and must be dated within 120 days of the disbursement date
AUTOMATED UNDERWRITING	<ul style="list-style-type: none"> • The last AUS finding, which must match the terms of the loan, must be in the loan file. For all loans, the first submission to the AUS must occur prior to the note date (it cannot be the same as the note date.)
AUS DATA ENTRY REQUIREMENTS OF DPA LIEN	<ul style="list-style-type: none"> • See Housing Authority Products with Second Liens in FT360 in the Resource Center, which can be located at the following link: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpproducts/HousingAuthorityProductswithDPALiensinFT360.pdf • In the Secondary Financing of the HUD-92900LT FHA Loan Transmittal screen <ul style="list-style-type: none"> • Enter the Secondary Financing Source/EIN • Select the Correct Check box (Gov’t – A Government Entity is the source of the secondary financing, NP – A Non-Profit Agency is the source of the secondary financing, Family – A Family member is the source of the secondary financing, Other – There is another source of the secondary financing (completed checkbox which will enable if selected)) • Enter the Amount of the Secondary Financing • In MORNETPlus Community Lending Section of the Streamlined 1003: <ul style="list-style-type: none"> • Do not select Community Lending on the Mornet Community Lending screen • If HFA Second Mortgage being used, Community Second needs to be checked

	<ul style="list-style-type: none"> • If HFA grant is being used neither Community Lending nor Community Second should be checked
DESKTOP UNDERWRITER (DU)	<ul style="list-style-type: none"> • All loans must be run through FHA's TOTAL SCORECARD decisioning engine via DU. A copy of the findings must be included in the file • Must receive an Approve/Eligible • All conditions outlined in the Findings Report must be satisfied. • If TOTAL Scorecard issues an Approve/Eligible and ANY the following applies or the DU findings indicate you need to downgrade, then the loan must be downgraded to a Refer (and is not eligible): <ul style="list-style-type: none"> • the mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard; • additional information, not considered in the AUS recommendation affects the overall insurability of the Mortgage; • the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts (defined as disputed charge off accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months; exclusions from cumulative balance include: disputed medical accounts; and disputed derogatory credit resulting from identity theft, credit card theft or unauthorized use. To exclude these balances, the Mortgagee must include a copy of the police report or other documentation from the creditor to support the status of the accounts.) • the date of the Borrower's bankruptcy discharge as reflected on bankruptcy documents is within two years from the date of case number assignment (see credit section for seasoning requirements) - Per HUD they do not require seasoning or a downgrade for a dismissed bankruptcy. • the case number assignment date is within three years of the date of the transfer of title through a Pre-Foreclosure Sale (Short Sale) (see credit section for seasoning requirements); • the case number assignment date is within three years of the date of the transfer of title through a foreclosure sale (see credit section for seasoning requirements); • the case number assignment date is within three years of the date of the transfer of title through a Deed-in-Lieu (DIL) of foreclosure (see credit section for seasoning requirements); • for purchase and non-cash out refinance transactions, if any mortgage trade line reported on the credit report used to score the application, including mortgage line-of-credit payments, during the most recent 12 months reflects: 3 or more late payments of greater than 30 days; OR 1 or more late payments of 60 days plus one or more 30-day late payments; OR 1 payment greater than 90 days late • For a cash out transaction if a mortgage trade line reported on the credit report used to score the application reflects a current delinquency or any delinquency within 12 months of case assignment date or a current delinquency • the Borrower has undisclosed mortgage debt that reflects: (1) a current delinquency; (2) any delinquency within 12 months of the case number assignment date; or (3) more than two 30 Day late payments within 24 months of the case number assignment date • business income shows a greater than 20 percent decline over the analysis period.
LOAN PRODUCT ADVISOR (LPA)	<ul style="list-style-type: none"> • Not allowed • Formerly known as Loan Prospector (LP)
MANUAL UNDERWRITING	<ul style="list-style-type: none"> • Not allowed
CAIVRS/DELINQUENT FEDERAL DEBT	<ul style="list-style-type: none"> • Credit Alert Interactive Voice Response System (CAIVRS) needs to be run

	<ul style="list-style-type: none"> • Borrower may not be denied solely on the basis of CAIVRS information that has not been verified. Lender must contact the creditor agency using the contact phone number and debt reference number reflected in the Borrower's CAIVRS report • If a Borrower is currently delinquent on an FHA-insured Mortgage, they are ineligible for a new FHA-insured Mortgage unless the delinquency is resolved. • Borrowers with delinquent Federal Tax Debt are ineligible. See Qualifying Section for borrowers who have past due federal tax debt and are in a payment plan. • Mortgagees must check public records and credit information to verify that the Borrower is not presently delinquent on any Federal Debt and does not have a tax lien placed against their Property for a debt owed to the federal government • To verify a delinquent student loan, or loan paid by a government claim, is not a defaulted federal loan (when not appearing in CAIVRS or clearly listed on the credit report as federal debt or even when reporting as a charge-off on credit report), contact 1-800-621-3115 or DCS_Help@ed.gov • For delinquent federal non-tax debt, including deficiency judgments and other debt associated with past FHA-insured mortgages, must include documentation from the creditor agency to support the verification and resolution of the debt (the Borrower must resolve their federal non-tax debt in accordance with the Debt Collection Improvement Act). For debt reported through CAIVRS, the Mortgagee may obtain evidence of resolution by obtaining a clear CAIVRS report. • If CAIVRS indicates the borrower is presently delinquent or has had a foreclosure within the previous three years, the borrower must have CAIVRS updated/cleared and the foreclosure seasoning is based on transfer deed date of the foreclosed property.
LDP/GSA REQUIREMENT	<ul style="list-style-type: none"> • All parties involved with and who handle the loan file (see instructions in the Resource Center for additional information) must be checked against HUD's Limited Denial of Participation (LDP) list at • https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp and the General Services Administration's (GSA) Excluded Party List at • https://www.sam.gov/portal/public/SAM/ • Any entity noted on either of the LDP and GSA lists must be removed from the transaction or will cause the loan to be ineligible. • The parties to verify include, but are not limited to, Buyers (including AKAs on the credit report), Sellers, Loan Officer, Buyers Agent, Sellers Agent, Escrow Officer, Title Officer, Appraiser, Processor, and Underwriter.
MORTGAGE CREDIT REJECT/SANCTION	<ul style="list-style-type: none"> • Any mortgage credit reject or mortgage credit sanction will require a second signature from an Operations Manager. The underwriter must justify on their LT why they want to overturn another lender's decline and document the file accordingly.
PROPERTY TYPES ELIGIBLE	<ul style="list-style-type: none"> • In order for a property to be considered a qualified dwelling, <ul style="list-style-type: none"> • the borrower must acquire a fee simple interest in the real estate; • the home must become (be) the principal place of residence of the borrower within 60 days after the closing of the IHDA loan; • the residence must be located in Illinois; and • designed for residential use. • The following types of residences can be considered qualified dwellings: <ul style="list-style-type: none"> • Single family detached home • Townhome • Condominium unit (FHA/HUD approved); must be warrantable/approved • Planned Unit Development (PUD) • Duplex unit or zero lot line home, provided that a maintenance agreement is of public record

	<ul style="list-style-type: none"> • Two-unit (one building) if existing residential structure, or new construction that is located in a targeted area • Water tests are required by Servicer if property is on a well
INELIGIBLE	<ul style="list-style-type: none"> • 3-4 Units • Co-ops • Manufactured Homes • Condos without HUD Approvals • Mobile homes, campers and similar vehicles • Home used as investment property • Recreational, vacation or “second” homes • Non-permanent homes • Condotels • Mixed-Use • Leased Land/leaseholds • Land Trusts • Log Homes • Properties that do not meet FHA requirements • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)
CONDOS	<ul style="list-style-type: none"> • Must be HUD Approved: https://entp.hud.gov/idapp/html/condlook.cfm • For cases assigned on or after 10/15/19, all loans with properties in condo projects must have HUD Form 9991 completed. HUD approved projects require sections 1-3 to be completed. • For cases assigned on or after 10/15/19, all loans with properties in HUD approved condo projects underwriter must ensure all items in the 4000.1 under Requirements for Units in Approved Condominium Projects are met. • Condo project must be currently approved on HUD approved condo list. Single Unit Approvals are not eligible. • Condo projects involved in monetary litigation may be eligible, if litigation is reviewed and approved through condoreviews@prmg.net . Documentation regarding the litigation (i.e., court documents) must be submitted to condoreviews@prmg.net for review and approval. (If project was by HUD approved after litigation date, the litigation would be considered in the approval and not required to be reviewed as there would be no changes to the project.) • Underwriter must certify that there have been no changes to the project since HUD approval that would cause the project to no longer be HUD approved. HUD requires use of Appendix B Certification for Individual Unit Financing, which is available on the Resource Center at the following link: https://www.eprmg.net/ResourceCenter/FHAForms/FHA%20condo%20certification.pdf • For HUD REOs, condominium projects do not need to be currently approved by HUD • Detached condos, meeting HUD’s definition of a site condo, do not have to have project approval.
MAXIMUM ACREAGE	<ul style="list-style-type: none"> • 1 or 2-unit property situated on less than five (5) acres
PROPERTIES WITH UN-PERMITTED ADDITIONS	<ul style="list-style-type: none"> • Allowed. Must meet HUD Guidelines.
PROPERTIES WITH MORE THAN ONE LIVABLE STRUCTURE	<ul style="list-style-type: none"> • Properties containing a main structure and a “coach house” are eligible with IHDA as long as the other livable structure (the coach house) has never been occupied as a residence. This may be puzzling since a two-flat is eligible under the program even if both units have previously been occupied as residences. • Why the difference in eligibility? The IRS has made the determination that units sharing a wall (i.e. two-flat) are considered one dwelling. However, if the units do not

	share a common wall (i.e. main house & coach house) the IRS views them as two separate dwellings. If the coach house was once used as a residence, the buyer is purchasing two separate housing units in the eyes of the IRS. The units MUST be contiguous.
LEGAL RESTRICTIONS ON CONVEYANCE (FREE ASSUMABILITY)	<ul style="list-style-type: none"> • There may be no legal restrictions on conveyance (transfer of title) in accordance with 24 CFR § 203.41, which would include items like Private Transfer Fees and Community Enhancement Fees unless specifically allowed per 24 CFR § 203.41. (see AllRegs for additional information on 24 CFR § 203.41.) • Underwriter must review and confirm that if are legal restrictions on conveyance, they are allowed in accordance with 24 CFR § 203.41 and are not further restricted by the product profile (for instance allowable deed restriction types).
NEW CONSTRUCTION	<ul style="list-style-type: none"> • This must be the first time the unit will be occupied as a residence for it to qualify as new construction. A model home qualifies, provided it was never rented nor occupied as a residence prior to being sold. Likewise, conversion of an old factory into condominiums qualifies as new construction because it was not previously occupied as a residence. • New construction is not eligible for borrowers using the 1stHome Illinois option
APPRAISED VALUE EXCEEDS PURCHASE PRICE LIMIT/NON-ARMS LENGTH TRANSACTION	<ul style="list-style-type: none"> • If the appraised value exceeds the purchase price limit, but the acquisition cost is below the limit AND the transaction is clearly “arms-length” (not a relative), the dwelling may qualify for an IHDA loan. A statement from the buyer(s) and seller(s) indicating that no relationship exists will be required.
CONSTRUCTION TO PERMANENT FINANCING	<ul style="list-style-type: none"> • Not allowed
OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence (O/O)
ELIGIBLE BORROWERS	<ul style="list-style-type: none"> • Total household income must be below program county limit. • Home must be a qualified dwelling situated on less than or equal to five (5) acres of land. • Purchase price of home must be below the program county limit. • Borrowers may not own other property at the time of closing • Life estates, guardianships, and conservatorships are not eligible.
FIRST TIME HOMEBUYER REQUIREMENT	<ul style="list-style-type: none"> • Access Programs: First-Time and Non-First-Time Homebuyers allowed. (Lenders must still disclose borrower status) • Borrowers using the 1stHome Illinois DPA option must be first-time homebuyers. Buyers who are purchasing in a targeted area or who are qualifying under the Veterans Exception are exempt from the first-time homebuyer requirement.
BORROWER CONTRIBUTION	<ul style="list-style-type: none"> • Buyer must contribute the greater of 1% of the purchase price or \$1,000 to the transaction, which will be evidenced on the Loan Estimate and Closing Disclosure. • The borrower may not use the tax proration toward the borrower's contribution of 1% or \$1,000.00 (whichever is greater) into the transaction, those funds must be from the borrower's own funds or if allowable by AUS from gift funds.
U.S. CITIZENS	<ul style="list-style-type: none"> • Allowed
RESIDENT ALIENS	<ul style="list-style-type: none"> • Allowed • Permanent Resident Aliens are eligible and must provide evidence of a valid Social Security number. • Non-Permanent Resident Aliens may be eligible provided: <ul style="list-style-type: none"> • The Property will be the Borrower’s Principal Residence; • The Borrower has a valid SSN, except for those employed by the World Bank, a foreign embassy, or equivalent employer identified by HUD; • The Borrower is eligible to work in the United States, as evidenced by the Employment Authorization Document issued by the USCIS; and • the Borrower satisfies the same requirements, terms and conditions as those for

	<p>U.S. citizens.</p> <ul style="list-style-type: none"> • The Employment Authorization Document is required to substantiate work status. If the Employment Authorization Document will expire within one year and a prior history of residency status renewals exists, the Mortgagee may assume that continuation will be granted. If there are no prior renewals, the Mortgagee must determine the likelihood of renewal based on information from the USCIS. • A Borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS is automatically eligible to work in this country. The Employment Authorization Document is not required, but documentation substantiating the refugee or asylee status must be obtained. • Borrowers under Deferred Action, the Dreamer’s Act or DACA (EAD Code C33, C14, etc.) are not eligible. Although, these individuals may have been granted permission to remain in the U.S. for a period of time, DACA/Deferred Action does not grant a legal status. PRMG requires all borrowers to document proof of legal residency in the U.S. Additionally, they must follow the applicable guidelines for income (typically 2 year history and likely to continue for 3 years as applicable.) A borrower with DACA/Deferred Action status would not be able to meet the borrower eligibility documentation requirements (i.e., green card or meet applicable agency standard guidelines for income) and therefore is not be eligible.
NON-OCCUPYING CO-BORROWERS	<ul style="list-style-type: none"> • Not allowed
NON-OCCUPYING CO-SIGNERS	<ul style="list-style-type: none"> • Allowed, per FHA Guidelines • The non-occupant co-signor cannot occupy the property, be on the purchase agreement, be on title or have a vested interest in the subject property.
CO-SIGNER	<ul style="list-style-type: none"> • Not allowed
HOMEBUYER EDUCATION	<ul style="list-style-type: none"> • Pre-purchase homeownership counseling is required for all borrowers – PRIOR TO CLOSE • Approved education counselors can be found on the IHDA website here: http://www.ihda.org/my-home/buying-a-house/getting-an-ihda-loan/#findCounselor • Other providers include MGIC, Essent, Arch, Genworth, National MI and Radian
OPTIONAL HOME WARRANTY INSURANCE COVERAGE	<ul style="list-style-type: none"> • All first-time homebuyer(s) can obtain a one-year home warranty protection policy if they wish, but it is not required. • Home Warranty to be paid through the close of escrow • Home Warranty must be disclosed on Final Settlement Statement or copy of insurance declaration page required
POWER OF ATTORNEY	<ul style="list-style-type: none"> • Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG's Compliance Group • Allowed with the following requirements: <ul style="list-style-type: none"> • Power of Attorney (POA) must be limited or specific to the transaction • All transaction types allowed • Power of Attorney may not be used to sign loan documents if no other borrower executed such documents unless, the Attorney in Fact is a relative or Attorney at Law. • POA can be used only for closing documents • The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction • A statement that the POA is in full force and effect on the closing date, survives subsequent disability (durable), and has to be revoked in writing, or gives a specific expiration date which survives the closing date

	<ul style="list-style-type: none"> • A statement of the borrower’s name exactly as it will appear on all closing documents • Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation) Recorder’s stamp, if previously recorded • The attorney-in-fact must execute all closing documents at settlement • Title policy must not contain any exceptions based on use of POA • POA must be recorded along with or immediately prior to the closing documents • If a lender determines a Power of Attorney is required by applicable law (so cannot be restricted by investor requirements), lender must include a written statement explaining use of the Power of Attorney and may also be required to provide supporting documentation. • A written statement that explains the circumstances of the use of the POA must be included in the loan file. • Must met all Agency requirements
LEXIS-NEXIS SEARCH REQUIREMENT	<ul style="list-style-type: none"> • For any of the following transaction types an email request (which includes a screenshot or snip of the loan in the FastTrac pipeline) must be sent to QC to have a LexisNexis search run on involved parties to the transactions to ensure there is no relationship between the buyer and seller. (Not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> • Short Sale Purchase • Property Flips <= 180 days • Contractors on a 203K loan • For Sale by Owner (FSBO) required for all except: <ul style="list-style-type: none"> • If the borrower and seller are related or are landlord and tenant, and the relationship is disclosed and is acceptable per PRMG guidelines • An investor, such as HUD, FNMA, FHLMC, etc. • REO lender who acquired the subject property by Trustee Sale as the Beneficiary
QC AUDIT REQUIRED	<ul style="list-style-type: none"> • A QC audit is required if the loan has any of the following high risk characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> • 5-10 financed properties for second home and investment transactions. • 3-4 Units • 2-4 Unit properties in New Jersey <ul style="list-style-type: none"> • All NJ 2-4 unit properties will require a Bank VOD. This can be ordered by the branch for the retail channel and will be ordered as part of the QC process for Wholesale/Correspondent channels. • Renovation (203K/Homestyle) loans (Lexis Nexis is required on all contractors as well) • VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel) • If the borrower is employed by a party to the transaction • When the borrower is also a Real Estate Agent for the loan transaction • Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status • When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail). • NOTE: The above list applies to credit qualifying loans only.
QC REVALIDATION REQUIRED	<ul style="list-style-type: none"> • A QC validation is required if the loan has any of the following characteristics (not all items listed may be applicable to this product, review product profiles for what is

	<p>allowed):</p> <ul style="list-style-type: none"> • A revalidation of the VOE (in addition to the audit) is required by the QC Department if the following is used: <ul style="list-style-type: none"> • VOE only used (when allowed by AUS) and not supported by paystub/W2 and • Wholesale and Correspondent channels only (not required for retail channel) • A revalidation of the VOD is required by the QC Department for the if the following is used: <ul style="list-style-type: none"> • VOD only used (when allowed by AUS) and not supported by bank statements and • Wholesale and Correspondent channels only (not required for retail channel) • Note: A Borrower Authorization in name of PRMG may be required to obtain VOD or VOE revalidation if requested by the verifying institution.
<p>INCOME REQUIREMENTS/LIMITS</p>	<ul style="list-style-type: none"> • Underwriter has the discretion when evaluating the loan file to utilize a more conservative approach to income/expenses for qualification purposes based on the circumstances of the loan. • All income sources used to qualify borrowers must be legal at the local, state, and federal level. Any income derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company. • Income calculations must be included in the file • If a borrower is currently on temporary disability (including maternal/parental leave), the borrower must provide a letter of intent to return to work and the employer must provide a letter or other communication of the borrower's right to return to work and a description of the employment terms (same as prior to leave). The temporary disability benefits must be used for loan qualification and must not terminate prior to the borrower returning to work, unless the borrower(s) has liquid reserves sufficient to offset reduced income, covering the gap between the benefits expiration and the return to work dates. See 4000.1 for specific requirements. • For borrowers with gaps in employment of six months or more (an extended absence), the borrower's current income can be used for qualifying if it can verify and document that: (1) the borrower has been employed in the current job for at least six months at the time of case number assignment; and (2) a two year work history prior to the absence from employment using standard or alternative employment verification. • When required, transcripts must be provided for the number of years of income documentation required to be in the loan file, in accordance with the AUS findings and/or HUD requirements. Tax transcripts are required to support the income used to qualify the borrower. The purpose of the 4506-T is to verify the income reported is accurate. 2106 Expenses (unreimbursed business expenses) do not need to be considered in income calculations • Until FHA officially publishes a change to their policy on 2106 expenses, the 2106 expenses need to be considered in income calculation for HFA loans where US Bank is the master servicer. • For borrowers with rental income, if a lease agreement is required then the lease agreement must be executed by the landlord and the tenant and all pages of the lease agreement must be included. • Housing Assistance Payments (HAPs), which are often known as Section 8 Homeowner Vouchers, where a portion of the mortgage payment is paid directly to the borrower/lender as a subsidy for the mortgage payment on the subject property is not allowed.
<p>MAXIMUM PROGRAM COMPLIANCE INCOME</p>	<ul style="list-style-type: none"> • Income limit charts are available on our website for general income limits in targeted and non-targeted areas. The link to general income limits for targeted and for non-

LIMITS	<p>targeted areas can be found https://www.ihda.org/lenders-realtors/common-forms/#collapseOne.</p> <ul style="list-style-type: none"> • Some borrowers fall into an income category that is below 80% of the Area Median Income (AMI), and the link to that chart is here: https://www.ihda.org/lenders-realtors/common-forms/#collapseOne currently under the “Program Matrix, Income Limits, Guides & Marketing Materials” section. • Before a loan is closed, it is critical that the borrower be in the correct income category, and that it is correctly reserved/committed in MITAS. You must update MITAS for ANY changes to loan PRIOR to uploading file for review. • For each income category, the lender must be certain income is below the county limit. For borrowers with income higher than the below 80% AMI limit, but below the general income limit, the lender will register the loan for the above 80% category. • Program income limits typically change annually. These are always posted to our website. Income must be below the county limit at the time the loan is committed.
SEASONING REQUIREMENTS	<ul style="list-style-type: none"> • N/A
RECENTLY DELISTED PROPERTIES	<ul style="list-style-type: none"> • N/A
TITLE SEASONING	<ul style="list-style-type: none"> • N/A
ANTI-FLIPPING POLICY	<ul style="list-style-type: none"> • For purchases - The property Seller must have taken title to the subject property more than 90 days prior to the contract date on the sale of the property to the applicant. • Property flipping is a practice whereby a recently acquired property is resold, often for a considerable profit. If there is a partial continuity of ownership, a quit claim deed transaction is not a sale and is not subject to the rules prohibiting property flipping. The use of a quit claim will not be deemed a flip as long as at least one of the original owners retains an ownership interest in the property after the quitclaim is recorded. • The seller’s date of acquisition is defined as the settlement date on the seller’s purchase of that property. • Must obtain a 12-month chain of title documenting compliance with time restrictions on resales. • If the seller has taken title within the past 91 to 180 days and the new sales price exceeds the previous sales price by 100% or more, a second FHA appraisal (by another appraiser) is required. The borrower is not allowed to pay for the Second appraisal. • The Anti-Flipping requirements do not apply to the exceptions below: <ul style="list-style-type: none"> • properties acquired by an employer or relocation agency in connection with the relocation of an employee; • resales by HUD under its REO program; • sales by other U.S. government agencies of Single Family Properties pursuant to programs operated by these agencies; • sales of Properties by nonprofits approved to purchase HUD owned Single Family Properties at a discount with resale restrictions; • sales of Properties that are acquired by the seller by inheritance; • sales of Properties by state and federally-chartered financial institutions and Government-Sponsored Enterprises (GSE); • sales of Properties by local and state government agencies; and • sales of Properties within Presidentially-Declared Major Disaster Area, only upon issuance of a notice of an exception from HUD. • The restrictions listed above and those in 24 CFR § 203.37a do not apply to a builder

	<p>selling a newly built house or building a house for a Borrower planning to use FHA-insured financing.</p> <ul style="list-style-type: none"> • The re-execution of the sales agreement in order to circumvent the 90-day flipping rule is not permitted • Evidence of required seasoning must be documented in the file.
VALUE FOR LTV/CLTV CALCULATION	<ul style="list-style-type: none"> • See below to determine Adjusted Value
PURCHASE	<ul style="list-style-type: none"> • Use lesser of purchase price less any inducements to purchase; or the Property Value (appraised value)
PURCHASE	<ul style="list-style-type: none"> • If there is evidence that borrower, a member of the borrower's family or party who has a clearly defined interest in the borrower (i.e., close family friend) previously owned a home being purchased that was a distressed sale (i.e., short sale) or foreclosure by the borrower or borrower's family member, the borrower may not purchase the property, regardless of the length of time since the distressed sale/foreclosure or the number of owners between the distressed sale/foreclosure and current owner. Bail outs not allowed. • All purchasers listed on the contract of sale must be borrowers, however family members (as defined by HUD) may be on the contract and not be a borrower. • Purchase contract assignment (assignment of the sales contract) not allowed. • Purchase Transaction Seller Rent Backs of the subject property are limited to 45 days, must be reflected on the sales contract and Closing Disclosure, and are not counted towards borrower's minimum investment requirements. For condos, not allowed between borrower and developer. • The Real Estate Certification is required and must be executed prior to closing, except where indicated below, on all purchase transactions. The document must be signed all borrowers, sellers and the selling real estate agent or broker. A sample of the form will be available in the Resource Center. Note, the Real Estate Certification is not needed when the sales contract contains a provision that there are no other agreements between parties, and the terms constitute the entire agreement between the parties, and all parties are signatories to the sales contract submitted at the time of underwriting. • The Amendatory Clause is required, except where indicated below, on all purchase transactions when the appraised value is not available at the time of purchase contract execution. The document must be signed by all buyers and sellers involved with the loan transaction. It must be complete, including the sales price, printed seller name and date of agreement. A sample of the form is available in the Resource Center. This document, completely executed by all buyers and sellers involved with the loan transaction, should be included with the file for loan setup for all channels and should be obtained and executed prior to funding. Note, the amendatory clause is not required on the following transactions: HUD REO sales, FHA's 203(k) loan program or sales in which the seller is Fannie Mae, Freddie Mac, the Department of Veterans Affairs (VA), Rural Housing Services, other federal, state, and local government agencies, a lender disposing of REO assets, or a seller at a foreclosure sale.
RATE/TERM REFINANCE	<ul style="list-style-type: none"> • Not Allowed
CASH OUT REFINANCE	<ul style="list-style-type: none"> • Not Allowed
REPAIR ESCROW/ESCROW HOLDBACKS	<ul style="list-style-type: none"> • Not Allowed
QUALIFYING	<ul style="list-style-type: none"> • Qualify at note rate • Installment debt can be paid off to qualify.

- Installment (closed end) debt does not have to be included if they will be paid off within 10 months and the cumulative payments of all such debts are less than or equal to 5 percent of the Borrower's gross monthly income. The borrower may not pay down the balance in order to meet the 10-month requirement.
- Accounts for which the borrower is an authorized user must be included in a borrower's DTI ratio unless documentation shows that the primary account holder has made all required payments on the account for the previous 12 months. If less than three payments have been required on the account in the previous 12 months, the payment amount must be included in the borrower's DTI.
- All deferred obligations (excluding student loans), regardless of when they will begin, must be included in the qualifying ratios. The lender must obtain evidence of: the deferral; the outstanding balance; the terms of liability; and the anticipated monthly payment. If the actual monthly payment is not available for installment debt, the lender must utilize the terms of the debt or 5 percent of the outstanding balance to establish the monthly payment.
- For cases assigned prior to 6/30/16, for all deferred student loans, if the actual monthly payment is zero or is not available, the lender must utilize 2 percent of the outstanding balance to establish the monthly payment.
- For cases assigned prior to 6/30/16, for student loans currently in a standard repayment plan, the required monthly payment is to be used for qualification purposes. For student loans currently in an income based repayment plan (there are various income based student loan repayment plans, some include increasing repayment amounts), utilize the payment noted on the income based repayment agreement. The current payment can be used even if a payment increase is reflected on an agreement. If a monthly payment is not reflected on the credit report then documentation as evidenced by a monthly payment statement, a letter from creditor or a repayment schedule, is required to verify monthly payment.
- For cases assigned on or after 6/30/16, student loans must be included in the borrower's liabilities, regardless of the payment type or status of payments (deferred or in payment status). If the payment used for the monthly obligation is: (1) less than 1 percent of the outstanding balance reported on the Borrower's credit report, and (2) less than the monthly payment reported on the Borrower's credit report; then written documentation must be obtained of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor. Regardless of the payment status, use either: (1) the greater of: (a) 1 percent of the outstanding balance on the loan; or (b) the monthly payment reported on the Borrower's credit report; or (2) the actual documented payment, provided the payment will fully amortize the loan over its term.
- For 30 day accounts, must verify the borrower paid the outstanding balance in full on every 30-Day account each month for the past 12 months. 30-Day Accounts that are paid monthly are not included in the Borrower's DTI. If the credit report reflects any late payments in the last 12 months, must utilize 5% of the outstanding balance as the Borrower's monthly debt to be included in the DTI. Must use the credit report to document that the borrower has paid the balance on the account monthly for the previous 12 months. Must use the credit report to document the balance, and must document that funds are available to pay off the balance in excess of the funds and reserves required to close the mortgage.
- For revolving accounts, must include the monthly payment shown on the credit report for the revolving charge account. Where the credit report does not include a monthly payment for the account, must use the payment shown on the current account statement or 5% of the outstanding balance. Must use the credit report to document the terms, balance and payment amount on the account, if available.

Where the credit report does not reflect the necessary information on the charge account, must obtain a copy of the most recent charge account statement or use 5% of the outstanding balance to document the monthly payment.

- If a credit report shows an asterisk next to the payment, it can be an indication that the payment listed is not the required monthly minimum payment amount, and as such will require supplemental documentation to support the payment, as required by the agency or, if revolving, 5% of the balance can be used for the payment.
- Paying off revolving debt to qualify is allowed. The debt includes any revolving debt that is being paid off and not included in the ratios. Account must be paid in full prior to or at closing and documentation must be provided evidencing repayment. Source of funds must be documented (proceeds on a cash out transaction are acceptable.) Accounts are not required to be closed.
- For non-HELOC loans, when qualifying a borrower that has a non-subject negative amortization or interest only loan, use the fully amortized payment
- For any additional properties, obtain a recent payment coupon or other documentation to ensure the loan is qualified using the full PITIA.
- The percentage of non-taxable income that may be added cannot exceed the greater of 15% or the appropriate tax rate for the income amount, based on the borrower's tax rate for the previous year. If the borrower was not required to file a federal tax return for the previous tax reporting period, gross up the non-taxable income by 15%. Any additional adjustments or allowances based on the number of the borrower's dependents is not allowed
- If the borrower has a tax lien, the underwriter must condition for proof the money owed has been paid in full or paid off in full at closing and must include the current amount of the lien, including all interest and late fees or provide evidence to verify the borrower has entered into a valid repayment agreement with the federal agency to make regular payments on the debt and the borrower has made timely payments for at least three months of scheduled payments. The borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments. The lender must include the payment amount in the agreement in the calculation of the borrower's DTI ratio. There is no requirement for a record of account or other documentation to reflect tax payment status. For the current tax year (most recent tax filing), if 1040s or other documentation shows the borrower has outstanding tax debt for the current tax year, evidence of payment of the taxes due (or evidence borrower is on a payment plan with at least one month payment required to have been made in lieu of full payment as long as the borrower qualifies with the payment in the ratios) is required. If the check to the IRS has not yet cancelled, the file must reflect the borrower's ability to pay (borrower must have enough assets after backing out funds used for transaction and reserves). For prior tax years, if there is evidence the borrower has outstanding tax debt or the borrower is in a payment plan, evidence to verify the borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and underwriter discretion can be used to determine the minimum months of payment required to have been made, but at least one month payment is required to have been made. For Amended Tax Returns or Stamped Tax Return option, see the applicable guidance in the Product Profile for further requirements.
- To calculate DTI for loans with subordinate HELOCs (for all properties): If there is a balance, use the payment that is reflected on the credit report. If there is no payment on the credit report, obtain a copy of the billing statement, or note to determine the payment amount, based on the terms of the note, or the statement. If there is no balance, a payment does not need to be included.
- For borrowers with collection accounts, if the cumulative outstanding balance of all

collections of all borrowers is less than \$2,000, the lender is not required to consider or evaluate collection accounts. If the cumulative outstanding balance of all collections of all borrowers is equal to or greater than \$2,000, the lender must include monthly payments in the borrower's debt-to-income ratio for accounts that will remain open subsequent to closing or require the collection account to be paid off as described as follows (also see Credit Section): At the time of or prior to closing, payment in full of the collection account (verification of acceptable source of funds required). The borrower makes payment arrangements with the creditor. If the borrower has entered into a payment arrangement with the creditor, a credit report or letter from the creditor verifying the monthly payment is required. The monthly payment must be included in the borrower's debt-to-income ratio. If evidence of a payment arrangement is not available, the lender must calculate the monthly payment using 5% of the outstanding balance of each collection, and include the monthly payment in the borrower's debt-to-income ratio. Note, All medical collections and charge off accounts are excluded from this requirement and do not require resolution. Collection accounts of a non-purchasing spouse in a community property state are included in the cumulative balance.

- For borrowers with a court ordered judgment where the borrower has an agreement with the creditor to make regular and timely payments, a copy of the agreement and evidence that payments were made on time in accordance with the agreement, and a minimum of three months of scheduled payments have been made prior to credit approval is required. Note, borrowers are not allowed to prepay scheduled payments in order to meet the required minimum of three months of payments. The payment amount in the agreement must be included in the calculation of the borrower's debt-to-income ratio. Judgments of a non-purchasing spouse in a community property state must be paid in full, or meet the exception guidance for judgments above, unless excluded by state law.
- If borrower or non-occupant co-borrower will not be occupying the subject property (i.e., borrower on second home or investment property and any non-occupying co-borrower) does not have a current housing expense, because they state they live rent free on the 1003, proof they live rent free must be provided. Acceptable documentation would include, but is not limited to, an LOE from the owner/landlord of the residence where they currently live.
- For contingent/co-signed liabilities, follow HUD guidelines which will allow the payment to be excluded from monthly liabilities only if (1) documentation is provided to evidence that the other party to the debt has been making regular on-time payments during the previous 12 months and does not have a history of delinquent payments on the loan; or (2) documentation is provided which verifies and documents that there is no possibility that the debt holder will pursue debt collection against the borrower should the other party default.
- If a borrower is on title (has ownership interest) and is on the note to other properties besides the subject property, follow FHA guidelines for contingent liabilities for both the P&I payment as well as the taxes, insurance and additional items (association fees) (TIA). If borrower is just on title, and not obligated on the note for non-subject properties, the TIA does not have to be included in borrower's ratios as long as documentation is provided to show 12 months' satisfactory payments by the other party who is on title and the note, in alignment with contingent liability requirements. If the taxes and insurance are not escrowed or the property is owned free and clear, and the TIA is not paid on a monthly basis (i.e. annually, semi-annually) then a sufficient history of payments made by the other party on title must be presented to make a reasonable conclusion that it will continue. The other party making the payments must be both on the note (if there is

	<p>a lien) and on title (in all cases) in order to exclude</p> <ul style="list-style-type: none"> • Special Levied Assessments: U.S. Bank requires these monthly assessment amounts be added to the qualifying PITIA.
CURRENT PROPERTIES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES	<ul style="list-style-type: none"> • N/A
RATIOS	<ul style="list-style-type: none"> • 45%
TEMPORARY BUYDOWNS	<ul style="list-style-type: none"> • Not allowed
CREDIT	<ul style="list-style-type: none"> • Must at all times comply with HUD guidelines, subject to any additional restrictions listed in this product profile • DE Underwriter Final Loan Approval Date cannot be after Note Date. • The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted. • If the borrower’s credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center). • Qualifying FICO score is determined by using the middle of three or lowest of two scores. If there are multiple borrowers, then use the lowest representative score of all borrowers to qualify. If only one score is available, then use the one provided. • A three repository merged (tri-merge) credit report (TRMCR) or Residential Mortgage Credit Report (RMCR) from an independent consumer-reporting agency is required. • All borrowers must have a credit score; non-traditional credit is not allowed. • If a borrower has "frozen" their information with one or more of the three credit repositories, precluding a three bureau report from being obtained, the borrower needs to “unfreeze” their information so that a two bureau report is obtained. The final AUS must show no frozen accounts. • The credit report for the mortgage history must be updated to include the payment made for the most recent month due. • See Qualifying section for capacity analysis for all loans with collections and judgments. Court ordered judgments must be paid off (or provide evidence they have been satisfied). Judgments of a non-borrowing spouse in a community property state must be resolved or paid in full, with the exception of obligations excluded by state law. An exception to the payoff of a court ordered judgment may be made if the borrower has an agreement with the creditor to make regular and timely payments. The borrower must provide a copy of the agreement and evidence that payments were made on time in accordance with the agreement, and a minimum of three months of scheduled payments have been made prior to credit approval. Borrowers are not allowed to prepay scheduled payments in order to meet the required minimum of three months of payments. • For loans using TOTAL, not required to obtain an explanation of collection accounts, charge off accounts, accounts with late payments, judgments or other derogatory information. • For all borrowers with judgments, the following documentation must be provided: evidence of payment in full, if paid prior to settlement; the payoff statement, if paid at settlement; or the payment arrangement with creditor, if not paid prior to or at settlement, and a subordination agreement for any liens existing on title • Chapter 7 and 13 bankruptcies must be discharged at least 2 years to the case number assignment date and the borrower has re-established their credit or chosen not to incur new credit obligations. • Borrowers with a loan modification or short refinance in their credit history are eligible. A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in

	<p>determining late housing payments. If mortgage payment history requirements (as required by HUD for mortgage history) since the date of loan modification are not met, a downgrade to a manual underwrite is required and not allowed</p> <ul style="list-style-type: none"> • Short sales (Pre-Foreclosure Sales) within the last 3 years to the case number assignment date are not allowed • Foreclosure: Foreclosures within the last 3 years to the case number assignment date are not allowed. • For a borrower that had an FHA mortgage foreclosed, that borrower is not eligible to apply for another FHA mortgage until three years after the date that HUD paid the insurance claim to the lender. • Deed-in-lieu of foreclosures are considered foreclosures and require 3 year seasoning to the case number assignment date • Must obtain a credit report for a non-borrowing spouse who resides in a community property state, or if the subject property is located in a community property state. The credit report must indicate the non-borrowing spouse's SSN, where an SSN exists, was matched with the SSA, or the must either provide separate documentation indicating that the SSN was matched with the SSA or provide a statement that the non-borrowing spouse does not have an SSN. Where an SSN does not exist for a non-borrowing spouse, the credit report must contain, at a minimum, the non-borrowing spouse's full name, date of birth, and previous addresses for the last two years. • The debts of a non-purchasing spouse must be included in the borrowers qualifying ratios if the borrower resides in a community property state or the property is located in a community property state unless that debt is specifically excluded by state law. The underwriter must ensure the debt that is not being included complies with state law and the debt can in no way effect the new first trust deed lien. Additionally, if the debt being excluded is a mortgage lien, it is important to ensure the current loan transaction is not being used to provide a bail out for the other mortgage lien. • Non-borrowing spouse's credit history cannot be used when making a credit decision on the loan. Derogatory event on any property held against borrower only if it appears on their credit report or if they are obligated on note. Derogatory event not held against borrower even if a property appears on a joint tax return, the borrower lives in a property or the borrower is on title. • In addition to other listed requirements regarding disputed accounts, if a disputed account is a borrower's verified previously delinquent mortgage trade line, which may affect the credit decision of the AUS, information regarding the dispute must be obtained. The underwriter must verify that the AUS is considering the previously delinquent mortgage in the credit decision. If it is unclear if the previously delinquent mortgage is being considered (and based on underwriter discretion, the delinquent mortgage may impact the credit score/AUS decision), the dispute should be removed at the bureau level, credit report re-run to reflect accurate credit message without dispute, and the AUS re-run to include account in the AUS decision. For instance, a zero balance where the last activity is more than 3 years prior to the credit report date may be determined by the underwriter to not require the dispute to be removed. • MERS search must be run on borrower • PRMG does not allow use of extenuating circumstances in the credit decision for reduced seasoning or satisfactory credit requirements.
CASH RESERVES	<ul style="list-style-type: none"> • TOTAL Scorecard: None required, however, subject to underwriter discretion or per "DU" recommendation; • Cash saved at home allowed, must meet all HUD requirements to be able to use for

	<p>the transaction and for verification of funds</p> <ul style="list-style-type: none"> • All verifications of funds, including the most recent asset account statements, must be dated within 45 days of the loan application or an updated statement is required.
<p>REQUIRED DOWN PAYMENT</p>	<ul style="list-style-type: none"> • Required 3.50% minimum down payment (gifts allowed-see gift section below for details). • Buyer must contribute the greater of 1% of the purchase price or \$1,000 to the transaction, which will be evidenced on the Loan Estimate and Closing Disclosure. • The borrower may not use the tax proration toward the borrower's contribution of 1% or \$1,000.00 (whichever is greater) into the transaction, those funds must be from the borrower's own funds or if allowable by AUS from gift funds.
<p>REQUIRED DOWN PAYMENT/SOURCE OF FUNDS</p>	<ul style="list-style-type: none"> • Required 3.50% minimum down payment (gifts allowed-see gift section below for details). • Funds that are brought to closing (i.e., cashier's checks or wire) by the borrower must be verified as belonging to the borrower. The required funds from the borrower do not have to be from an institution that was sourced in the loan file, as long as the borrower has sufficient funds in the sourced accounts to cover the amount of funds brought to closing. If the funds are not able to be confirmed as belonging to the borrower, the funds would be ineligible. This guidance is only in regards to borrower funds, <u>not</u> gift funds. • For loans with prorated seller paid taxes (taxes that have been prepaid by the seller on the subject property), the prorated taxes can reduce the funds required at closing, however, the loan file must still contain documentation that borrower has 3.5% (or required minimum required investment (MRI) for transaction) of their own funds (or other acceptable source of MRI), even though they may not actually contribute the actual 3.5% (or required MRI) at closing because the seller prorated tax credit is an acceptable source to meet the MRI. In other words, the prorated tax credit cannot be used in the documented assets considered to meet the MRI but can be credited at closing. • Access letter required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse) • Direct verification by a third-party asset verification vendor (i.e., AccountChek) is allowed in accordance with HUD as addressed in ML 2019-01 • When borrower's funds-to-close are from a 401k, IRA, or other retirement account, proof of liquidation is required, regardless of Total Scorecard response • Sweat Equity not permitted • Cryptocurrency, digital currencies or altcoins (i.e. Bitcoins, Litecoin, Ethereum, etc.) may not be included as financial assets for mortgage qualification purposes and is an ineligible source of funds for down payment, closing costs or reserves unless being converted into U.S. currency. To be used as a source of funds for down payment, closing costs, or reserves, cryptocurrency, digital currencies or altcoins must be converted into U.S. currency and be held within a U.S. Financial Institution and verified prior to underwriting final approval. In addition to the verification of U.S. currency, the borrower(s) must be able to provide acceptable documentation for the source of funds used to initially acquire the cryptocurrency prior to the conversion • Bridge loans are not allowed • Business funds are permitted, but must be documented and business tax returns would be required. Additionally, business funds from a partnership or corporation may not be used to meet any required minimum down payment requirements unless a borrower is 100% owner. When the borrower is not 100% owner, they may be used after borrower minimum contribution is met. Business funds being used for funds to close or reserves are allowed as long as there is a CPA letter or evidence to confirm it will not negatively affect the business. If business is a partnership, written

	<p>permission from the other partners is required.</p> <ul style="list-style-type: none"> • All asset sources used to qualify borrowers must be legal at the local, state, and federal level. Any assets derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company. • Cash deposits over 1% of the adjusted value require an explanation from the borrower as to how they were accumulated in alignment with HUD’s requirement for cash on hand. • If the borrower’s source of funds are from a country included on the OFAC Sanctioned Countries List that is found in the Resource Center, the funds are not eligible for use in the transaction. • Must verify and document the deposit amount and source of funds if the amount of the earnest money deposit exceeds 1% of the sales price or is excessive based on the borrower’s history of accumulating savings, by obtaining: a copy of the borrower’s cancelled check; certification from the deposit-holder acknowledging receipt of funds; or a VOD or bank statement showing that the average balance was sufficient to cover the amount of the earnest money deposit at the time of the deposit. If the source of the earnest money deposit was a gift, must verify that the gift is in compliance with gifts as allowed per HUD. • Must verify and document the existence of and amounts in the borrower’s checking and savings accounts. For recently opened accounts and recent individual deposits of more than 1% of the Adjusted Value of the property, must obtain documentation of the deposits. Must also verify that no debts were incurred to obtain part, or all, of the minimum required investment. • All verifications of funds, including the most recent asset account statements, must be dated within 45 days of the loan application or an updated statement is required.
<p>EARNEST MONEY DEPOSITS</p>	<ul style="list-style-type: none"> • U.S. Bank requires that when an Earnest Money Deposit (EMD) for a purchase transaction is used to qualify the borrower for the mortgage transaction, the file must evidence that the EMD check cleared the borrowers account (e.g., copy of canceled check, asset statement or written statement from EMD holder verifying receipt of the funds). • When the EMD is needed to meet the minimum contribution from borrower personal funds, U.S. Bank requires the following: <ul style="list-style-type: none"> • Verify that the source of the EMD is an eligible asset type and documented following standard documentation requirements • Provide 2 months account statements or direct verification (VOD) that covers the period up to and including the date the EMD funds cleared the account. • The EMD must not be counted twice in the evaluation of the mortgage (i.e., deducted from funds to close and counted as assets). • This guidance does not impact the requirements for Large Deposits or undisclosed Debt.
<p>GIFT FUNDS</p>	<ul style="list-style-type: none"> • Allowable donors include: <ul style="list-style-type: none"> • Borrower’s family member (as defined by HUD) • The borrower’s employer or labor union • Charitable organizations • Government agencies • A close friend with a clearly defined interest in the borrower (family members, such as a cousin, who are not considered family members by HUD can be documented as a close friend and still be an eligible donor, but must reference “close friend” in the letter as their relationship.) • a governmental agency or public entity that has a program providing homeownership assistance to low or moderate income families; or first-time

	<p>homebuyers.</p> <ul style="list-style-type: none"> • Gift letter required. All gift letters must include the following: <ul style="list-style-type: none"> • Name, address and phone number of the donor and the borrower. • Dollar amount of the gift. • Relationship between the donor and the borrower. • Specification that no repayment is required. • Signatures of both the donor and the borrower. • Must verify and document the transfer of gift funds from the donor to the Borrower in accordance with the following: <ul style="list-style-type: none"> • If the gift funds have been verified in the Borrower’s account, obtain the donor’s bank statement showing the withdrawal and evidence of the deposit into the Borrower’s account. • If the gift funds are not verified in the Borrower’s account, obtain the certified check or money order or cashier’s check or wire transfer or other official check evidencing payment to the Borrower or settlement agent, and the donor’s bank statement evidencing sufficient funds for the amount of the gift. • If the gift funds are not verified in the Borrower’s account, obtain the certified check or money order or cashier’s check or wire transfer or other official check evidencing payment to the Borrower or settlement agent, and the donor’s bank statement evidencing sufficient funds for the amount of the gift. • If the gift funds are being borrowed by the donor and documentation from the bank or other savings account is not available, the donor must provide written evidence that the funds were borrowed from an acceptable source, not from a party to the transaction. • Regardless of when gift funds are made available to a Borrower or settlement agent, the Mortgagee must be able to make a reasonable determination that the gift funds were not provided by an unacceptable source. • When a borrower receives a gift from an acceptable source and the donor’s bank statement shows a large deposit (which HUD defines as more than 1% of the Adjusted Value of the property), evidence of the source of funds is required to ensure any funds given to the borrower were not made available to the donor from any person or entity with an interest in the sale of the property including the seller, real estate agent, broker, loan officer or any other entity associated with the transaction. Per HUD, cash deposits are acceptable to be used as gift funds, as long as they have been deposited into a bank (as they are no longer considered cash), but are subject to the same sourcing requirements (note, Cash on Hand is not an acceptable source of donor gift funds).
<p>CONTRIBUTIONS BY AN INTERESTED PARTY</p>	<ul style="list-style-type: none"> • 6% of lesser of sales price or appraised value. • Not allowed for payment of condominium fees, personal property or down payment assistance
<p>SUBORDINATE FINANCING</p>	<ul style="list-style-type: none"> • This product may be layered with the following down payment and/or closing cost assistance options: • Locality programs to be used for closing costs and/or down payment assistance as per individual requirements <ul style="list-style-type: none"> • The locality subordinate loans must meet FHA guidelines • The maximum CLTV must meet Agency requirement • In the case of conflicting guidelines, the lender must follow the more restrictive • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)
<p>ADDITIONAL DOWN PAYMENT ASSISTANCE REQUIREMENTS</p>	<ul style="list-style-type: none"> • Access the PRMG Eligible DPA list and a link to the synopsis that must be reviewed by the loan officer, processor and underwriter to ensure all requirements for the DPA are met at the following link:

	<p>http://www.eprmg.net/ResourceCenter/PoliciesProceduresInformation/PRMG%20PA%20List.pdf</p> <ul style="list-style-type: none"> • All lenders are required to follow the guidelines of the Funded Down Payment Assistance from non-profit organizations. These programs are permitted in accordance with FHA guidelines and the following additional restrictions. Originating Lenders are responsible to guarantee that they have verified the Originating Lender Funded Down Payment Organization has not been listed on the website below. To ensure the non-profit status is acceptable to HUD, the homebuyer must enter into the Sales Contract/Purchase Agreement (including any amendments to purchase price) on, or before, the date the IRS officially announces a termination of the organization's tax-exempt status. • A printed copy of this web site page showing the agency has not had their tax-exempt status terminated by the IRS prior to the date of the Sales Contract/Purchase Agreement must be included in each loan file submitted for underwriting. • Originating Lenders may use any non-profit agency acceptable per HUD guidelines, provided however that a copy of the web page discussed in this section supports the tax-exempt status of such agency. It is recommended that Originating Lenders also apply the following additional criteria when approving loans with down payment assistance funds provided by these agencies. <ul style="list-style-type: none"> • Originating Lender should have on file an IRS Letter of Determination verifying the organization providing gift funds is a non-profit corporation under Section 501© (3) exempt from taxation under Section 501(a) of the Internal Revenue Code. There must not be an identity of interest between the donor (property Originating Lender, builder or developer) and the non-profit organization. • The Federal Tax Identification Number of the non-profit must be entered in the FHA CHUMS field designated for a charitable organization's tax ID#. Failure to do so may result in an uninsurable loan. • The gift should only be used toward the homebuyer's down payment and closing costs. The loan file should contain a Gift Letter stating that no repayment of the gift is required. • Originating Lender should inform the appraiser of the gift transaction and the dollar amount being used as down payment assistance. The sales price should not be increased to accommodate the down payment assistance. • The closing agent must confirm the gift funds have been properly deposited in an escrow account and that the gift funds came directly from the non-profit. Gift funds cannot be disbursed from the Originating Lender's proceeds at the borrower's closing.
MORTGAGE CREDIT CERTIFICATES (MCC)	<ul style="list-style-type: none"> • Not available
HUD REOS	<ul style="list-style-type: none"> • Must meet all of HUD's requirements in regards to HUD REOs • Must be owner occupied • Title policy is required • Full "as is" appraisal required • Mortgagees must order a new appraisal that is valid for a HUD REO property financed with an FHA-insured mortgage • The mortgagee must retain copies of all appraisals available to the mortgagee in its loan file. • Effective 9/30/16, HUD must approve any real estate broker wishing to list properties or represent buyers in sales transactions of HUD REO Properties and closing agents must meet the requirements as outlined in the 4000.1 in order to conduct a closing on a sales transaction of a HUD REO Property.
PURCHASING A SHORT	<ul style="list-style-type: none"> • A borrower purchasing a property from a seller who is selling their home for less

<p>SALE</p>	<p>than the amount owed to the lender is considered a short sale. Borrowers purchasing a home that is being sold under a short sale are generally eligible provided:</p> <ul style="list-style-type: none"> • The transaction is arm’s length involving a realtor and formal sales contract. • There is no relationship or identity of interest between buyer and seller as defined in Handbook 4000.1 • Short sale approval letter from all existing mortgage lien holders accepting the discounted sales price on the subject property must be provided and retained in the loan file. • All liens are extinguished with the sales proceeds. • Any earnest money deposits must be verified with a bank statement or a print out from the bank at the time the earnest money check cleared the borrower’s account, regardless of amount. • Full interior/exterior appraisal is required, regardless of AUS. • The borrower is not involved in negotiations with the lien holder(s) to facilitate the short sale. <ul style="list-style-type: none"> • An in-depth review of the following must be completed for any inconsistencies detected in the transaction. Documentation of the resolution of any questionable items must be included in the loan file: Purchase contract (including all addendums and short sale addendum), Appraisal, Title, Hud-1 • There are cases where the borrower may elect to pay additional fees or payments related to acquiring the property that is typically the responsibility of the seller. In these instances, the following requirements apply: <ul style="list-style-type: none"> • The borrower must be provided with written details of the additional fees or payments. The additional funds required to complete the transaction must be documented on the purchase contract and/or addendum. • The servicer or servicers agreeing to the short sale must be provided with written details of the fees or payments and has the option of renegotiating the payoff amount to release the lien(s) against the subject property. • All parties (buyer, seller, and servicer) must provide their written agreement of the final details of the transaction which must include the additional fees or payments. • The HUD-1 must include all fees and payments associated with the transaction. • Note: If the borrower pays short sale processing fees or short sale negotiation fees, the fee must be treated as a sales concession if any portion of the fee is reimbursed by an interested party to the transaction.
<p>NON ARM’S LENGTH TRANSACTIONS/IDENTITY OF INTEREST</p>	<ul style="list-style-type: none"> • Identity of Interest/Non Arm’s Length transactions are limited to a max LTV of 85%. • An identity of interest transaction is a transaction for the purchase of a principal residence between parties with a familial or business relationship or business affiliates • The following are NOT considered identity of interest/non-arm’s length transactions and are eligible for maximum financing: <ul style="list-style-type: none"> • A family member purchasing another family member’s principal residence • An employee of a builder purchasing one of the builder’s new homes or models as a principal residence • A current tenant purchasing the property that the tenant has rented for at least 6 months prior to the sales contract. A lease or other written evidence must be submitted verifying occupancy. • Sales by corporations that transfer employees out of an area, purchase the transferred employee’s home, and then resell to another employee. • If the property being sold from one family member to another is the property seller’s

	<p>investment property, the maximum mortgage is the lesser of 85% of the sales price or appraised value OR the current maximum mortgage calculation formula unless the family member has been a tenant in the property for at least six months immediately predating the sales contract. A lease or other written evidence must be submitted to verify occupancy.</p> <ul style="list-style-type: none"> • If there is an identity-of-interest between the buyer and seller, commission from the sale or listing of the property cannot be used for the down payment. 																																				
REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER	<ul style="list-style-type: none"> • The real estate agent for the subject property may not act as the loan officer/broker for the borrowers purchasing the same subject property. 																																				
MORTGAGE INSURANCE	<ul style="list-style-type: none"> • All loans, regardless of LTV require mortgage insurance. • Mortgage Insurance Premiums are listed below as “Upfront Amount/Monthly Fee.” <table border="1" data-bbox="456 533 1511 905"> <thead> <tr> <th colspan="4">CASE NUMBERS ASSIGNED ON OR AFTER JANUARY 26, 2015 – ALL LOAN PURPOSES EXCEPT SIMPLE REFINANCES OF LOANS ENDORSED PRIOR TO JUNE 1, 2009</th> </tr> <tr> <th colspan="4">Loan Terms > 15 Years</th> </tr> <tr> <th>LTV/Base Loan Amount</th> <th>≤ 95%</th> <th colspan="2">> 95%</th> </tr> </thead> <tbody> <tr> <td>≤\$625,500</td> <td>1.75%/.80%</td> <td colspan="2">1.75%/.85%</td> </tr> <tr> <td>>\$625,500</td> <td>1.75%/1.00%</td> <td colspan="2">1.75%/1.05%</td> </tr> <tr> <th colspan="4">Loan Terms ≤ 15 Years</th> </tr> <tr> <th>LTV/Base Loan Amount</th> <th>≤ 78%</th> <th>>78% and ≤ 90%</th> <th>> 90%</th> </tr> <tr> <td>≤\$625,500</td> <td>1.75%/0.45%</td> <td>1.75%/0.45%</td> <td>1.75%/0.70%</td> </tr> <tr> <td>>\$625,500</td> <td>1.75%/0.45%</td> <td>1.75%/0.70%</td> <td>1.75%/0.95%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • For all loan terms with LTVs ≤90% cancellation of the annual (monthly) premium will occur after the borrower has paid the premium for eleven years • For all loan terms with LTVs >90% the annual (monthly) premium will continue for the loan term 	CASE NUMBERS ASSIGNED ON OR AFTER JANUARY 26, 2015 – ALL LOAN PURPOSES EXCEPT SIMPLE REFINANCES OF LOANS ENDORSED PRIOR TO JUNE 1, 2009				Loan Terms > 15 Years				LTV/Base Loan Amount	≤ 95%	> 95%		≤\$625,500	1.75%/.80%	1.75%/.85%		>\$625,500	1.75%/1.00%	1.75%/1.05%		Loan Terms ≤ 15 Years				LTV/Base Loan Amount	≤ 78%	>78% and ≤ 90%	> 90%	≤\$625,500	1.75%/0.45%	1.75%/0.45%	1.75%/0.70%	>\$625,500	1.75%/0.45%	1.75%/0.70%	1.75%/0.95%
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APPRAISAL	<ul style="list-style-type: none"> • Additional appraisal requirements can be found in the PRMG Appraisal Guidelines which is available in the Resource Center or at the following link • http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf • Appraisal must indicate that the home has at least a 30 year remaining useful life. • Traditional appraisal report completed by a state-licensed and HUD approved appraiser required on all loans. • Appraisals are valid for 120 days and must be dated within 120 days of the disbursement date. • A one-time, 120-day extension of an appraisal that is due to expire and lender does not want to order a new appraisal report is allowed using Form 1004D/442 Appraisal Update with the following conditions: <ul style="list-style-type: none"> • The underwriter has not previously extended the original appraisal for 30 days • May be used for existing properties, or for new construction that is incomplete. • Must be completed prior to the original appraisal’s expiration date. • May not be used if the property value has declined. • The original Appraiser must perform the update and be in good standing with FHA at the time of the update. The Appraisal Update must be signed by the original appraiser. A supervisory signature is not permitted. • The appraiser must include a completed 1004MC Market Conditions Addendum reflecting current market conditions. • The appraiser must certify that he/she can observe the improvements that contribute to value (no obstructions), that there are no deficiencies or other significant changes and certify that the property value has not declined. 																																				

	<ul style="list-style-type: none"> • The appraiser must provide photos from the street and from all angles visible from a public way. • If used by a subsequent lender who is not identified as the Client in the original appraisal report, the appraiser must incorporate the original report by attachment rather than by reference. • Appraisal may not be over 150 days from funding date if lender allows a 30-day extension as permitted in Handbook 4000.1:II.A.A.a.i.(A)(1)(b)(i) • Appraisal may not be over 240 days from funding date if lender allows a 120-day extension as permitted by Form 1004D. • A DE lender may extend the appraisal for 30 days, provided the borrower has signed a valid sales contract or is approved for the FHA loan prior to the expiration date on the appraisal (the loan approval date is the date the DE underwriter signs the 92900-LT – Loan Transmittal) • The effective date of the appraisal cannot be before the FHA case number assignment date unless the lender certifies, via the certification field in the Appraisal Logging Screen in FHAC, that the appraisal was ordered for conventional lending or government-guaranteed loan purposes and was performed by a FHA Roster Appraiser. The lender must ensure that the appraisal was performed in accordance with FHA appraisal reporting instructions as detailed in this SF Handbook and the Appraisal Report and Data Delivery Guide. The intended use of the appraisal must indicate that it is solely to assist FHA in assessing the risk of the Property securing the FHA-insured Mortgage. Additionally, FHA and the lender must be indicated as the intended users of the appraisal report. • For HUD REO properties, follow HUD guidelines including appraisal is valid for 120 days from the effective date of the appraisal. Additionally, please note that if the buyer is financing the purchase with an FHA-insured mortgage, a valid HUD REO sales contract must be ratified within 120 days of the appraisal effective date or the lender must order a new appraisal or an appraisal update to support the mortgage transaction. • Final inspection required to be completed by appraiser or RCI/CI inspector (licensed contractor not allowed to do inspection) • Soil poisoning method for treating termites is unacceptable regardless if the treatment will not endanger the quality of the water
APPRAISAL (CONTINUED)	<ul style="list-style-type: none"> • A 3 year sales history is required on the subject property. • The seller on the sales contract must be the owner of record. • PRMG reserves the right to require additional appraisal reviews/reports at the underwriter's discretion. • If a termite inspection is performed, and the Atlanta HOC is being used, the state mandated pest control form must be used. • Photographs are required for living rooms, bedrooms, kitchens and bathrooms
REVIEW/SECOND APPRAISALS	<ul style="list-style-type: none"> • A second appraisal is required for properties that are being re-sold within 180 days of acquisition by the seller AND the resale price is 100% or more over the price paid by the seller when the property was acquired. • A second appraisal is required for <= 90 Day Flips with a Sales Price 20% or Greater Than the Sellers Original Acquisition Cost loans, see Anti-Flipping section for additional information. • Review appraisals must be completed by a PRMG approved Appraisal Company.
SALES CONTRACT CHANGES	<ul style="list-style-type: none"> • PRMG will not accept re-negotiated purchase agreements that increase the sales price after the original appraisal has been completed if: <ul style="list-style-type: none"> • the appraised value is higher than the contracted sales price provided to the appraiser, and

	<ul style="list-style-type: none"> the new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received, and the only change to the purchase agreement is an increase in sales price. If the purchase agreement is re-negotiated subsequent to the completion of the appraisal, the loan-to value will be based on the lower of the original purchase price or the appraised value, unless: <ul style="list-style-type: none"> Re-negotiation of only seller paid closing costs and/or pre-pays when seller paid closing costs/pre-pays are common and customary for the market and supported by the comparables or An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of the modifications/changes.
MULTIPLE LOANS	<ul style="list-style-type: none"> May not own any other properties at closing
RESIDUAL INCOME EVALUATION	<ul style="list-style-type: none"> Not Required
HIGHER PRICED MORTGAGE LOAN (HPML)	<ul style="list-style-type: none"> Allowed within the parameters of Section 35 of CFPB Regulation Z Must comply with all limitations and requirements of HPML loans as described in PRMG’s Compliance Policy regarding HPML-Section 35 loans HPML loans must have an escrow account, regardless of LTV
SECTION 32 / HIGH COST LOAN	<ul style="list-style-type: none"> High cost loans are not allowed: Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; <i>and</i> Loan is not a high cost loan as defined by applicable state laws and/or regulations.
REAL ESTATE COMMISSIONS	<ul style="list-style-type: none"> The maximum real estate commission allowed is 8%.
PROPERTY INSURANCE	<ul style="list-style-type: none"> See PRMG’s Resource Center for PRMG Insurance Requirements and Additional Information
ESCROW ACCOUNT	<ul style="list-style-type: none"> The borrowers must establish an impound/escrow account for monthly collection (1/12) and annual /semi-annual disbursement of the property taxes, homeowner’s insurance premiums and private mortgage insurance (if applicable) and flood insurance (if applicable). HPML loans must have an escrow account, regardless of LTV Flood insurance must be impounded (escrowed) for all loans with a note date of 1/1/16 or later if the property is in a Special Flood Hazard Area (SFHA), designated as a flood zone beginning with A or V, regardless of LTV and/or federal exemptions and is required for the life of the loan. It is not required to be impounded if the flood insurance is paid through the condominium association, HOA dues, etc. Additionally, the escrow requirement needs to be stated in the Flood Notice that is provided to the borrower. For loans in a flood zone, only a first lien is present, the flood coverage calculation will be based on the unpaid balance of the first lien. If a first and second lien are present and both liens were closed in the name of the lender and will be serviced by the master servicer, then the flood coverage calculation will include the unpaid balance of both liens; if a first lien is in the name of the lender and the second lien is in the name of the master servicer, then the flood coverage calculation will include the unpaid balance of both liens; if a first lien is in the name of the lender but the second lien or deferred lien is in the name of another creditor (including the HFA) who is not the Master Servicer, then the Master Servicer will only require the customer to obtain flood insurance in an amount not to exceed the first lien. Flood coverage for the second lien in the name of another lender (not the Master Servicer)

	<p>is the responsibility of that lender, not the Master Servicer.</p> <ul style="list-style-type: none"> • As required per HUD, Flood insurance in Special Flood Hazard Areas must be obtained through the National Flood Insurance Program (NFIP).
<p>LOAN RESERVATION REQUIREMENTS</p>	<ul style="list-style-type: none"> • The AFS team will register and lock the loan in the Lender Portal. Loans will only be reserved/locked in by the AFS team once underwriter has issued conditional approval. Once the loan is locked with the Portal, the AFS team member will forward the locked registration confirmation to Secondary to complete the lock process in FT360. • The potential buyer(s) must have a valid real estate contract in place prior to registration/commitment and/or have a valid signed loan application (1003). • When the commitment/reservation is made, the interest rate is locked for 60 days regardless of future rate changes. • IHDA/master servicer must purchase loans by the 60th day. If a loan has not been purchased by the 60th day, a 25 bps reduction in Service Release Premium (SRP) will be made. If a loan has not been purchased by the 90th day, IHDA is under no obligation to purchase the loan(s), and additional SRP reductions may occur. You must contact IHDA on any loan expected to be delivered at 90 days or after; approval/acknowledgment must be made by IHDA (Managing Director of Homeownership Programs) and MITAS system noted accordingly. • A cancellation and re-registration by the same borrower(s) will not be permitted for 60 days unless the borrower has obtained a contract on a different property. It is suggested that a lender commit the loan when the appraisal has been received and the loan file is fully complete. Generally speaking, once a loan is reserved/committed, the lender will perform a review of the loan file for tax code compliance and for credit underwriting - each of which is a separate and unique review.
<p>RECAPTURE TAX</p>	<ul style="list-style-type: none"> • When tax exempt Mortgage Revenue Bonds are used to finance a first mortgage, the borrower may be subject to Federal Recapture Tax. The tax is designed to help the IRS recapture any profits gained when a homeowner who received a benefit through non-taxable bond proceeds for their first mortgage, sells or transfers ownership of the property. The tax applies when a borrower sells or transfers ownership of their home within the first nine (9) years of ownership. • You are responsible for providing the final signed recapture notice to the borrower; copy of signed notice must be in all files submitted with the exception of refinance. • The payment of recapture tax occurs at the time the property is sold, only if all three of the following conditions apply: <ul style="list-style-type: none"> • The home is sold or disposed of within nine (9) years of being purchased, for reasons other than death, • There is a capital gain on the sale of the home, AND • The household income for the year in which the home is sold exceeds Federal recapture income limit at time of sale. • In the event that recapture tax is due, the maximum recapture tax is either 50% of the gain on sale or 6.25% of the original loan amount - whichever is less. • IHDA'S RECAPTURE REIMBURSEMENT POLICY • Should borrowers find themselves having to pay the recapture tax; IHDA will reimburse the borrower in full! The borrower will need to provide documentation showing that the recapture tax was paid. A copy of the IRS tax transcripts for the year in which the borrower paid the recapture tax will suffice. • The Notice to Homebuyers (also called the Initial Recapture) (available at www.ihda.org) must be provided to and signed by the potential borrowers at the time of application for all MRB loans. Lenders are also required to provide a final completed recapture notice to borrower at time of closing, which indicates the

	<p>maximum amount of the potential recapture tax. A signed copy of the notice must be in the file delivered to IHDA after close. Remember that recapture is not the same as repayment; recapture applies to the bond loan; repayment applies to the DPA 2nd.</p>
<p>IHDA COMPLIANCE REVIEW PROCESS</p>	<ul style="list-style-type: none"> • The lender is responsible for ensuring that each loan meets IHDA’s compliance guidelines prior to closing for all programs. IHDA has provided a lender tax code compliance review worksheet to assist with the compliance review located on https://www.ihda.org/lenders-realtors/common-forms/. • While the worksheet does not need to be provided to IHDA with the IHDA docs, the lender certification that the loan is tax code compliant does need to be in each file, which can also be located on https://www.ihda.org/lenders-realtors/common-forms/. • Once the loan has been determined to be compliant from a tax code perspective and from a credit underwriting perspective, the lender will close the loan. Lender will be required to repurchase any loan files determined to be non-compliant. • If there is uncertainty about any portion of the compliance review process, please contact AtHomellinois@ihda.org or a Compliance Specialist.
<p>IHDA LOAN CLOSING</p>	<ul style="list-style-type: none"> • Remember that the first mortgage loan closes in the lender’s name, and the IHDA rider is attached to, and recorded with, the first mortgage. The DPA 2nd loan will close in IHDA’s name; no IHDA rider is to be attached to the second (2nd) mortgage. • Seeing that IHDA programs require occupancy by borrowers within 60 days of close, and that borrowers must always maintain occupancy, do not use an “Assignment of Rents” in connection with the mortgage. • After the loan has closed, you will: <ul style="list-style-type: none"> • Validate final loan data in MITAS • Upload IHDA documentation to MITAS (include income documentation in this upload) • Submit (via upload) loan package to US Bank HFA Division as per their requirements • Upload the entire investor loan delivery file (same file sent to US Bank HFA Division). • IHDA has a checklist for delivery, which is similar US Bank’s delivery checklist, but which includes some key differences, such as the requirement for three (3) years Federal tax returns (in addition to any income documentation per AUS findings), verbal VOEs for employment terminated in most recent tax year, etc. • The IHDA Reservation manual provides information on uploading documents and is available on https://www.ihda.org/lenders-realtors/common-forms/ currently under “Program Matrix, Income Limits, Guides & Marketing Materials.” • For every file, the fully completed IHDA Submission Cover and Data Summary with IHDA documents must be included in the upload to MITAS in the IHDA Docs category. Your completion of this form is very helpful to us. • Every loan must include an initial Recapture Notice (Notice to Homebuyers) and a final Recapture Notice; both must be signed by the borrower(s). The final recapture form is fillable and requires you to enter the total loan amount; once you enter the total loan amount of the first mortgage, the total maximum recapture tax will calculate automatically and is equal to 6.25% of the total first mortgage amount. • IHDA loans may not close in trust. Please remember to check the US Bank HFA manual for additional credit and closing requirements. • The maximum cash back permitted to the borrower is \$250 • ALTA 9 required if there are survey exceptions.
<p>IHDA QUALITY CONTROL – PRE-PURCHASE/POST-</p>	<ul style="list-style-type: none"> • QC reviews a minimum of 5% of overall production prior to funding, and 10% of loan files will be selected for QC review after funding. A discretionary review of 5% of

CLOSE AND POST-FUND	<p>loans determined to be of greater risk (i.e. lender on watch list, high default rate, high LTV with low credit score, etc.) will be performed as well; total post fund review is performed on 15% of loans delivered. Since every loan file delivered to IHDA has the potential of being reviewed by our QC vendor, it is crucial that each file be compliant with all applicable mortgage lending regulations and that a complete saleable loan file be uploaded to MITAS. Each file must be compliant with all applicable federal, state, and local regulations with regard to mortgage lending including CFPB requirements of “Know Before You Owe.” IHDA may occasionally increase loan file reviews should it become necessary due to consistent issues.</p> <ul style="list-style-type: none"> • If the loan file, which was provided to IHDA, is incomplete, you will be asked by a compliance specialist to provide the entire file, and/or specific documentation. Should any deficiency be discovered during a QC review, you will be notified to remedy immediately. If a deficiency is beyond remediation or if fraudulent activity is discovered, the loan may be un-saleable.
SHIPPING ADDRESSES FOR NOTE AND FINAL DOCUMENTS	<p>Original Notes should be delivered to: U.S. Bank Home Mortgage Attn: HFA Note Vault 9380 Excelsior Blvd., 5th Floor Hopkins, MN 55343</p> <p>Final Documents should be shipped to: U.S. Bank Home Mortgage Attn: HFA Final Documents 7601 Penn Avenue South, Suite A1 Richfield, MN 55423</p>
IHDA POST-CLOSING REQUIREMENTS	<ul style="list-style-type: none"> • As stated above, after the loan closes, the lender must upload the entire loan file into MITAS in the closing section for IHDA review within ten (10) business days of closing. The lender should use the checklist available on www.ihda.org under “Lenders and Realtors” and “Homeownership Resource Center” under the correct program for the most recently updated document list. • Please note that U.S. Bank HFA Division requires that the entire loan file be delivered via Doc Velocity for review in order to purchase the loan. It is expected that the loan file uploaded to MITAS is exactly the same file delivered to US Bank HFA. • Contact the U.S. Bank Client Support Center at 1-800-562-5165 for information on their specific requirements and/or review their requirements as per their manual at https://hfa.usbank.com/HFA_Division.html • If a loan is purchased more than 60 days from reservation, lender SRP will be reduced by 25 basis points. Contact IHDA on any loan expected to be delivered after 60 days so that system can be noted. If lender had made no contact and/or there is not made in our system for loans delivered after 90 days, IHDA is under no obligation to purchase the loan and additional SRP reductions will be made.
INDEX	<ul style="list-style-type: none"> • N/A
MARGIN	<ul style="list-style-type: none"> • N/A
INTEREST RATE CAPS	<ul style="list-style-type: none"> • N/A
INTEREST RATE CHANGES	<ul style="list-style-type: none"> • N/A

ILLINOIS HDA FHA PROGRAM – PROCESS OVERVIEW

- Lender pre-screens borrower/co-borrower and/or spouse
- Lender commits/reserves loan(s) in MITAS
 - The potential buyer(s) must have a valid real estate contract in place prior to registration/commitment and/or have a valid signed loan application (1003).
 - For MITAS online reservation system input, the IHDA Reservation Manual can be found on <https://www.ihda.org/lenders-realtors/common-forms/#collapseOne>.
 - When the commitment/reservation is made, the interest rate is locked for 60 days regardless of future rate changes.
 - **IHDA/master servicer must purchase loans by the 60th day.** If a loan has not been purchased by the 60th day, a 25 bps reduction in Service Release Premium (SRP) will be made. If a loan has not been purchased by the 90th day, IHDA is under no obligation to purchase the loan(s), and additional SRP reductions may occur. You must contact IHDA on any loan expected to be delivered at 90 days or after; approval/acknowledgment must be made by IHDA (Managing Director of Homeownership Programs) and MITAS system noted accordingly.
- Lender obtains signatures on all IHDA required documentation, performs and completes tax code compliance review and performs and completes credit underwrite in accordance with agency regulations/guidelines
- Lender closes loan and issues MRB Recapture Notice to borrower
- Prior to sending loan to IHDA, lender validates loan data/information in MITAS
- Lender uploads two packages to MITAS:
 - the complete loan delivery (investor) file, and
 - IHDA documents with submission cover and data summary sheet
- Lender uploads required file to U.S. Bank HFA Division via Doc Velocity and forwards original note(s) to U.S. Bank HFA Division
- IHDA reviews all documents uploaded to MITAS, verifies tax code compliance and approves loan for purchase)
- Upon satisfactory completion and review of steps 6 - 8, U.S. Bank HFA Division will purchase loan(s) from lender